

CFPB BNPL Recommendations

How Affirm Stacks Up



The Consumer Financial Protection Bureau’s (CFPB) September 2022 report concluded that buy now, pay later has a variety of advantages over legacy credit products, including significantly lower direct financial costs to consumers. The report also highlighted how certain industry practices could be standardized and improved to safeguard consumers, and promote fair competition and transparency.

Affirm was founded on the premise that honest finance can be good business and operates on the principles of transparency, putting people first and aligning our interests with those of consumers. The CFPB’s report represents an important step toward advancing these goals.

Issue Raised	Affirm Practice
Multiple Late and Other Fees	<ul style="list-style-type: none"> Affirm does not charge late or hidden fees. There are no fees for a failed payment, paying late, disabling or re-enabling an account or for repaying by different payment methods.
Lack of Clear, Standardized Disclosures	<ul style="list-style-type: none"> Every consumer to whom Affirm extends credit receives a Truth in Lending disclosure. Unlike a credit card, this happens at the point of purchase and with every transaction.
Data Harvesting and Privacy	<ul style="list-style-type: none"> Affirm does not sell consumer data. Consumers have control over their privacy choices.
Autopay Requirements	<ul style="list-style-type: none"> Affirm consumers are not required to maintain an autopay agreement, although it is an available feature for consumer convenience. Consumers are reminded in advance of upcoming payments via email and SMS, with appropriate consent. Consumers can manage their autopay settings through their Affirm account at any time, including disabling and enabling it, and changing payment methods.
Lack of Uniform Dispute Resolution Procedures	<ul style="list-style-type: none"> Consumers are not held responsible for any purchases found not to have been authorized. All claims of unauthorized activity are investigated. Affirm does not require or permit payments to be made while a dispute is being reviewed.
Loan Stacking	<ul style="list-style-type: none"> Affirm underwrites every individual transaction before making a real-time credit decision. Affirm does not extend access to credit that it does not believe will be repaid and its success is directly aligned with consumers as it does not charge late fees. Affirm believes this practice helps foster the responsible use of credit.
Lack of Appropriate and Accurate Credit Reporting Practices for BNPL	<ul style="list-style-type: none"> Affirm advocates for changes to credit reporting to account for BNPL to ensure: (1) timely repayment and responsible use help build consumer credit history and credit scores and (2) all lenders have visibility into BNPL responsibilities without unfair impact to traditional scoring models.